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(CLASSIFICATION)

ER 62-3588/a

CENTRAL INTELLIGENCE AGENCY

EXECUTIVE MEMORANDUM

OFFICE OF THE DIRECTOR

EXECUTIVE MEMORANDUM No. 15

DATE 26 June 1962

MEMORANDUM FOR:

DEPUTY DIRECTOR (PLANS)
DEPUTY DIRECTOR (INTELLIGENCE) (additional copies as listed below
DEPUTY DIRECTOR (RESEARCH) copy
DEPUTY DIRECTOR (SUPPORT)
COMPTROLLER
INSPECTOR GENERAL
GENERAL COUNSEL
ASSISTANT DIRECTOR
FOR NATIONAL ESTIMATES

AD/CI C/FI
C/TFW C/WE
C/WH

LBK:rcm
1 - to each of above
1 - O/DDCI
1 - O/DCI
1 - Exec Registry
1 - Executive Director

This memorandum contains information for the addressees. Addressees may give this memorandum additional circulation within their components as required. All copies should be **destroyed** not filed, upon completion of circulation. A master file will be kept in the Executive Director's Office and will be available upon request.

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June 15, 1962

Dear Mr. McCone:

Thank you for your letter of May 25, 1962 to the Secretary about Canadian, and to a lesser extent British, supply of critically needed food, equipment and services to Cuba.

With respect to the shipments of food to Cuba described in the CIA Progress Report, our own embargo on trade with Cuba provides on humanitarian grounds for the possibility of continued export to Cuba of certain foodstuffs, medicines and medical supplies.

Although trade between Western Europe and Cuba has substantially declined over the past three years, we share your concern, nevertheless, that the export of essential industrial equipment and materials from Canada and Great Britain to Cuba permits the continued operation of vital sectors of the Cuban economy. We have vigorously sought both in international forums as well as bilaterally to stimulate greater awareness among friendly nations of the benefits accruing to the Castro regime from their trade with Cuba.

The following is a summary of our efforts with regard to Canada and Great Britain.

Canada

Prime Minister Diefenbaker has publicly acknowledged the Castro threat to the Western Hemisphere. The government of Canada has put into effect a trade policy toward Cuba which except for the measures taken by the United States has been more stringent than those of other NATO countries: Canada does not export COCOM list items to Cuba, and Canada does not permit the transshipment to Cuba of United States origin goods prohibited by the United States embargo.

Canada

The Honorable
John A. McCone,
Director,
Central Intelligence Agency.

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Canada has thus far been unwilling to take further economic measures against Cuba because (1) her policy is to trade with all countries with which she has diplomatic relations, (2) Canadian investments in Cuba have not been expropriated, and (3) Canada has questioned the desirability of actions toward Cuba which Canada believes might place Castro Cuba more firmly in the Sino-Soviet bloc.

The total value of Canadian exports to Cuba has been declining in recent months owing to (1) Cuba's lack of dollars with which to buy Canadian products and (2) a growing realization in Canada (reflected in the Canadian press) that Cuban economic problems are due in large measure to the ineptitude, harshness, and repressive nature of the communist dictatorship in Cuba. Nevertheless, Canada is extremely sensitive to any United States pressure toward the conduct of its foreign relations, and seeks to avoid any appearance of truckling to the United States in the matter of Cuba.

We have been engaged in a campaign to educate and persuade the Canadians to support our views more fully. We have since February supplied the Canadian Embassy with some 120 Foreign Service and CIA reports (cleared and sanitized) on Cuban subversion in Latin America. We understand that this information has been well received in Ottawa, but we are unable to evaluate as yet its effect on principal Canadian leaders.

The Canadian national election campaign is in full swing. As soon as a Canadian government is formed after the June 18 elections, we plan to reassess the direction of our talks with the Canadians. At that time we will renew our efforts to win Canadian agreement to the informal prohibition of the export of those items which are most critical to the operation of key sectors of the Cuban economy.

Great Britain

British views on Cuba are generally along the same lines as those of Canada but the British are not as concerned as the Canadians with the subversive threat which Cuba poses to the hemisphere. Total British trade with Cuba is also less than Canadian trade with Cuba.

Our principal

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Our principal effort to persuade the British to increase economic pressure on the Castro regime has been undertaken in NATO. Mr. Rostow proposed to the North Atlantic Council on February 20 that (1) arms be denied Cuba, (2) United States origin goods not be transshipped to Cuba, (3) Cuba be included in the reporting of credits to the Sino-Soviet bloc, and, (4) COCOM controls be applied to Cuba.

While discussions in NATO are continuing, the British have indicated their reluctance to agree to any of these actions except reporting on credits. However, to our knowledge, the British are not transshipping United States goods, and they have indicated a willingness to consider adding items to the international munitions lists should the United States so desire.

In view of the importance which the Opposition plays in the formulation of British policy, we discussed with Mr. Gaitskell during his visit to Washington in February the dangers of the situation in Cuba and the concern of the United States over the developments there. We subsequently supplied him with a number of documents dealing with the nature and actions of the present Cuban regime.

We have a special problem in getting British molasses dealers, especially United Molasses which has a large United States subsidiary, to cut down molasses purchases from Cuba. We intend to continue our discussions on this subject and we will attempt to obtain, in addition, British support for the informal application of COCOM controls to Cuba. If these conversations are successful, we will consider discussing with the British their application of informal controls on selected exports.

Sincerely,

/s/ Alex

U. Alexis Johnson
Deputy Under Secretary

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ER 62-3588
25 May 1962

The Honorable Dean Rusk
The Secretary of State
Washington, D. C.

Dear Dean:

The May 23rd CIA Progress Report (No. 03546/62) carries as numbered item 9 the following:

"Canadian sources continue to supply the Cubans with critically needed food, equipment and services. According to [redacted] Canada is increasing business arrangements with Cuba. The Canadian International Air Freighters Company operating between Cuba and Canada is expanding operations throughout Latin America. In 1961 they transported to Cuba 5000 pigs which were trans-shipped to the USSR. Edwin Peters Association of Montreal has been providing essential turbo-oil 35 and aviation supplies. Another Canadian firm operated by Colin Campbell uses four planes to fly food from Toronto to Havana."

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This adds to information received from many sources that many plants essential to the Cuban economy, most particularly the oil refineries, are able to remain in operational status because of spare parts and replacement units and essential materials such as catalysts, are supplied principally by the Canadians, but to a lesser extent by the British.

Can anything be done on this?

Regards.

Sincerely,

(signed)
John A. McCone
Director

cc: The Attorney General

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